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Muskie says arms cash found Iranian pockets

From Chicago Tribune wires

WASHINGTON—Former Secretary of State Edmund Muskie, a member of the Tower Board, said Wednesday he suspects some of the profits from covert arms sales to Iran were paid as bribes to Iranian officials. But he said he has no proof.

The possibility of kickbacks was raised in December, 1985, by Michael Ledeen, a government consultant who played a major role in the initial sale of weapons to Tehran and whose comments were included in the Tower report.

J Ledeen told an unnamed CIA official that the Iranians had been overcharged for U.S.-made weapons they bought from Israel to generate profits for supporters of Iranian arms dealer Manucher Ghorbanifar, the report said.

The report quoted a CIA summary of Ledeen's meeting with an unnamed agency official as saying:

"Ledeen noted that they had purposely overcharged the Iranians and had used around \$200,000 of these funds to support subject's [Ghorbanifar's] political contacts inside Iran," the report said.

Ledeen, a consultant to the National Security Council until December, 1986, said in a telephone interview Monday that he could not recall making such a statement.

Muskie was quoted in Wednesday's San Francisco Examiner as saying Ghorbanifar, who served as a middleman in the clandestine Reagan administration dealings, had told the

commission "there were expenses that accompanied this. He treated it as an expense of doing business."

Asked by a reporter for the newspaper how he interpreted Ghorbanifar's reference to "expenses," Muskie was quoted as saying:

"That was the euphemism. It was my impression he wanted to communicate that to us. They were bribing each other to get the deal through."

Interviewed Wednesday, Muskie said the commission had no proof that bribes had been paid and that "no one, as far as I know, has said that."

The former secretary of state said someone in the arms industry, whom he did not identify, had told him bribes were paid to Iranian officials.

But, referring to the commission report released last week, he added that "you don't state [that] as facts until you can prove them, especially in a document supposed to be authoritative."

The Examiner said the bribed officials included Hashemi Rafsanjani, speaker of Iran's legislature. The newspaper said in a copyright story that other sources confirmed the bribes.

A Senate Intelligence Committee source told the newspaper the bribes totaled \$6 million from the summer of 1985 to the spring of 1986.

Clark McFadden, the Tower Board's chief counsel, told the newspaper Ghorbanifar "had to grease the way somehow." [8 Block spaces, for 0.45 Picas.]

In other developments:

● Attorney General Edwin Meese said Wednesday the Justice Department will seek dismissal of a lawsuit that challenges the law under which independent counsel Lawrence Walsh was appointed to investigate the Iran-Contra scandal.

Meese told the Senate Judiciary Committee that the department will join Walsh in seeking dismissal of the suit by lawyers for Lt. Col. Oliver North, the former National Security Council staffer who is one of the central figures in the investigation.

● Nicaraguan contra leader Adolfo Calero went before a federal grand jury in Washington Wednesday, bearing bank records of six offshore accounts used to receive funds for the rebels fighting Nicaragua's Sandinista government, Calero's attorney said.